

USDA Grains and Oilseeds Outlook Agricultural Outlook Forum 2015

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Foreign Agriculture Service

Many analysts
are involved in
producing
USDA crop
forecasts



Forecasts are Snapshots in Time



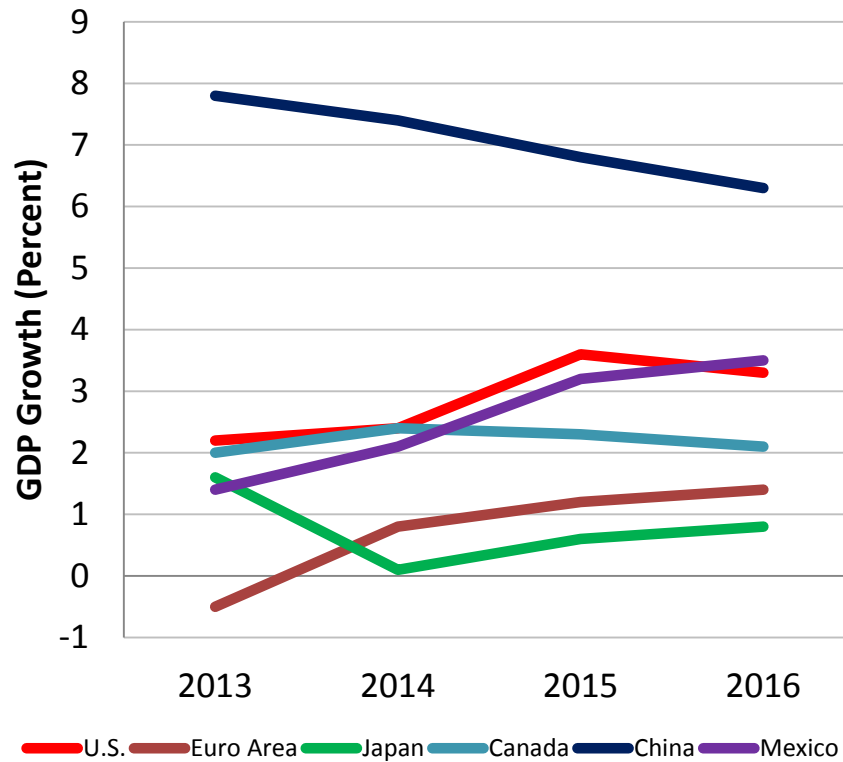
- Looking at the big picture
- Viewing the economic landscape
- Evaluating market trends

What does the big picture tell us?



Macro-Economic Indicators

GDP Growth Trends (IMF Forecasts)

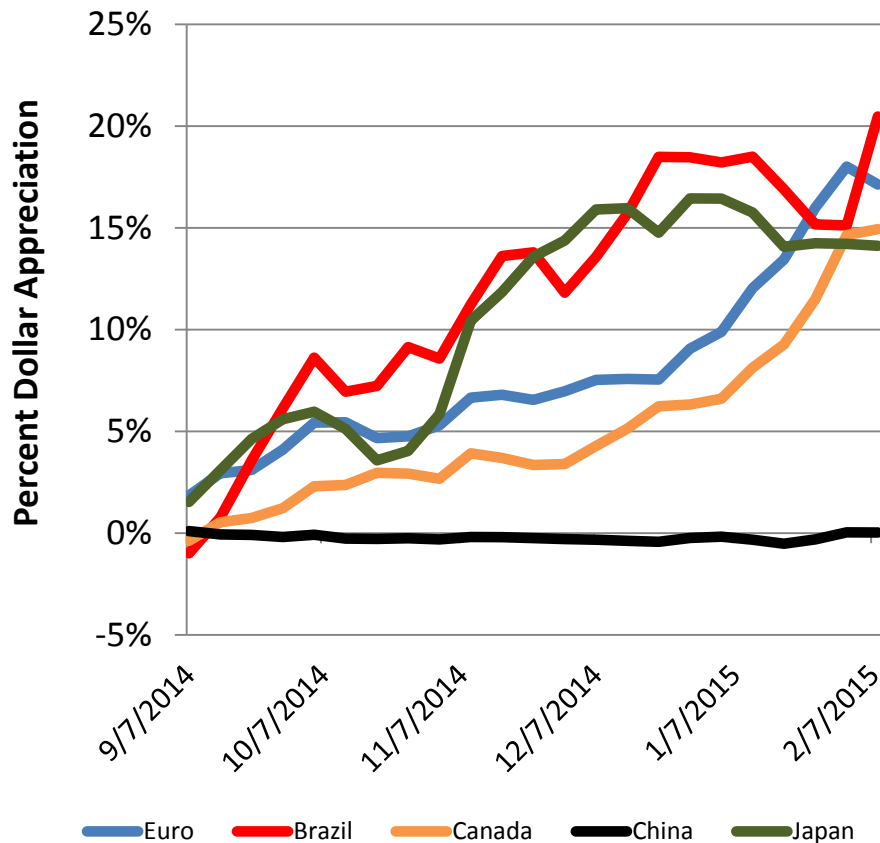


- Sluggish Global Economic Growth

Macro-Economic Indicators

Dollar Appreciation Against Major Currencies

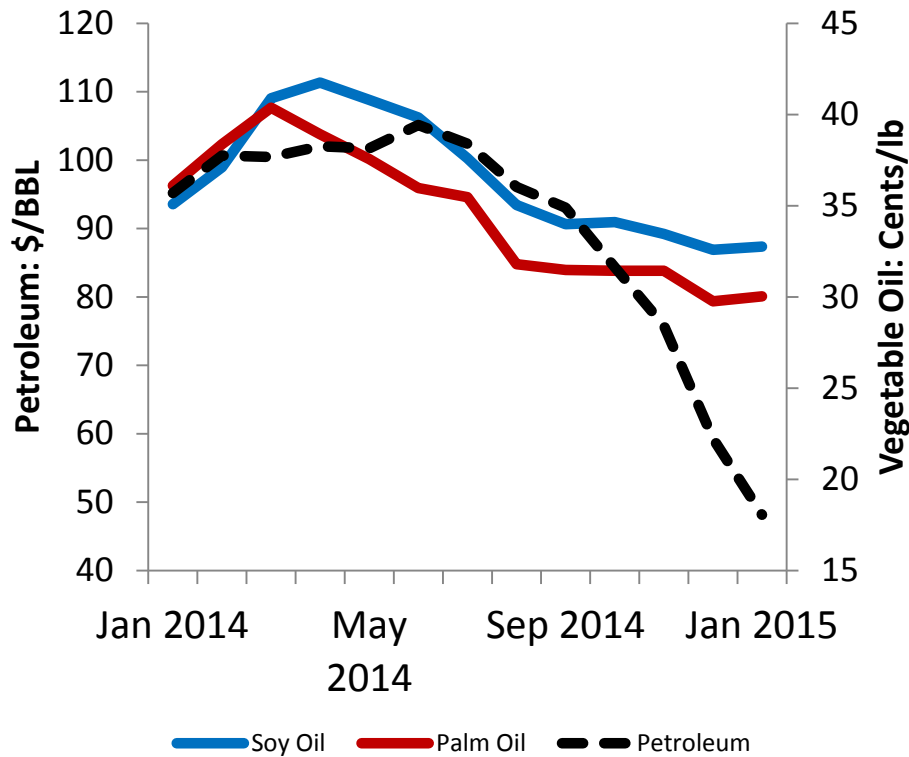
(Percent Change Since Aug 24, 2014)



- Sluggish Global Economic Growth
- Strengthening Dollar

Macro-Economic Indicators

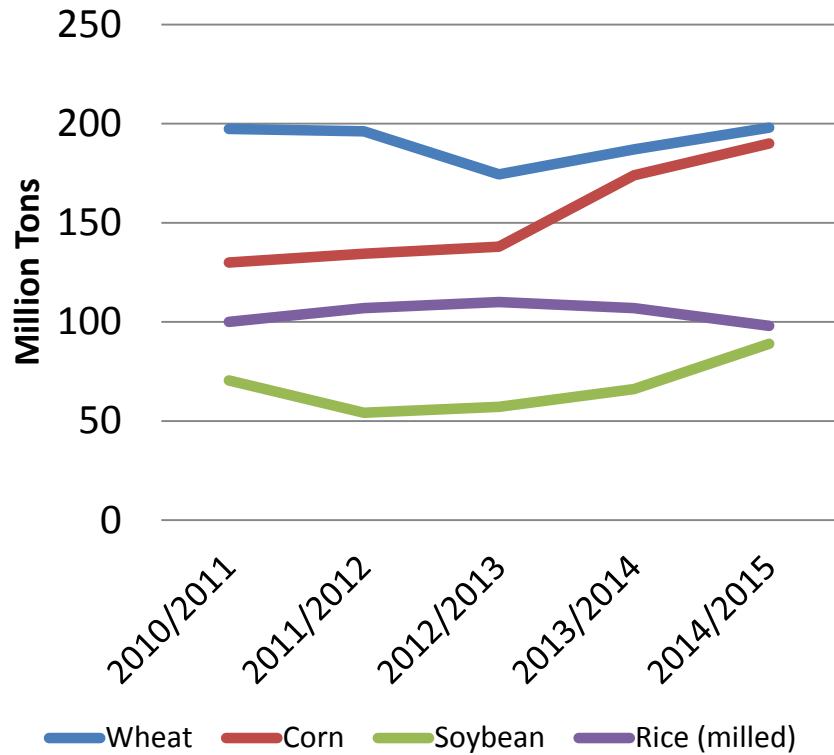
Trends in Petroleum and Vegetable Oil Prices



- Sluggish Global Economic Growth
- Strengthening Dollar
- Lower Petroleum Price

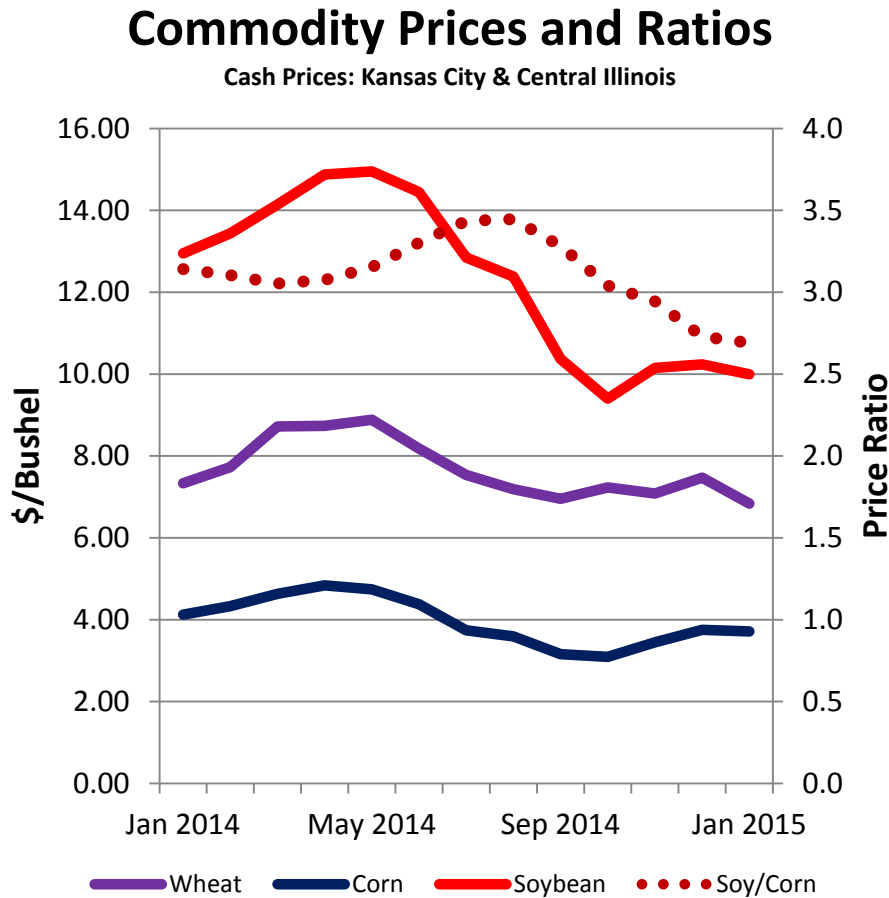
Macro-Economic Indicators

Global Ending Stocks: Grains and Soybeans



- Sluggish Global Economic Growth
- Strengthening Dollar
- Lower Petroleum Price
- Rising Stock Levels

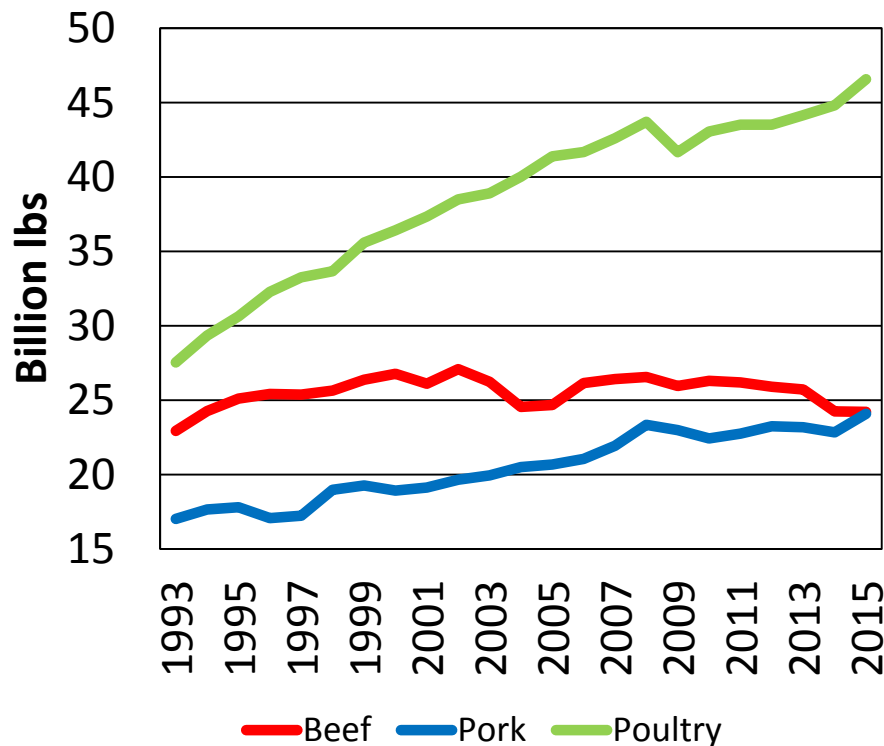
Macro-Economic Indicators



- Sluggish Global Economic Growth
- Strengthening Dollar
- Lower Petroleum Price
- Rising Stock Levels
- Falling Agriculture Commodity Prices

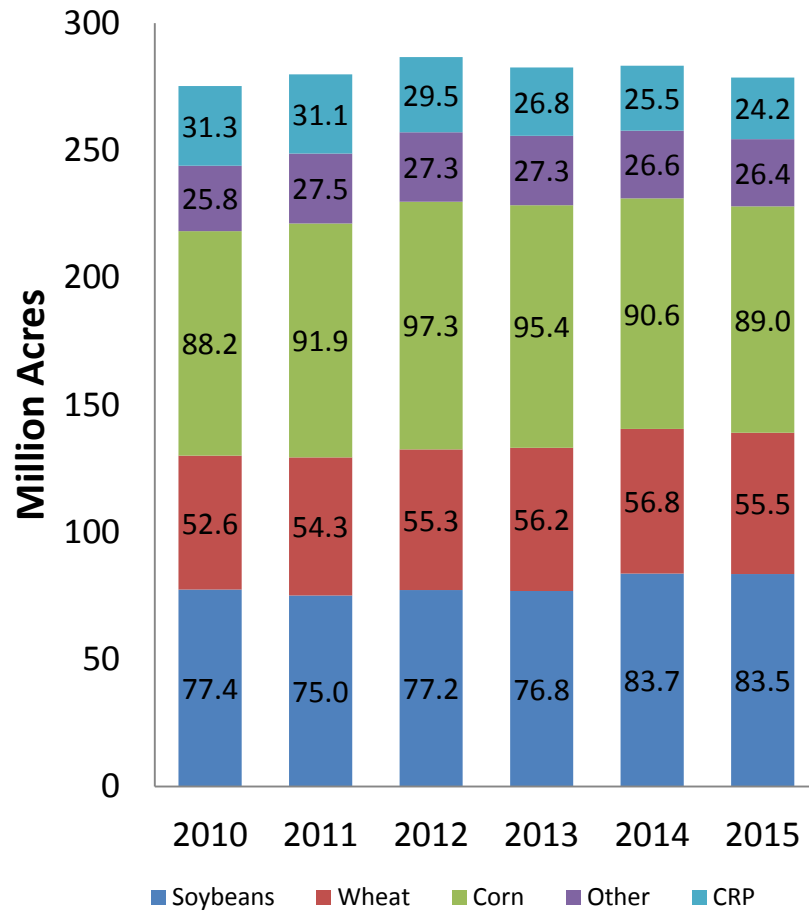
Macro-Economic Indicators

Trends in Livestock and Poultry Production



- Sluggish Global Economic Growth
- Strengthening Dollar
- Lower Petroleum Price
- Rising Stock Levels
- Falling Agriculture Commodity Prices
- Rising U.S. Feed Demand

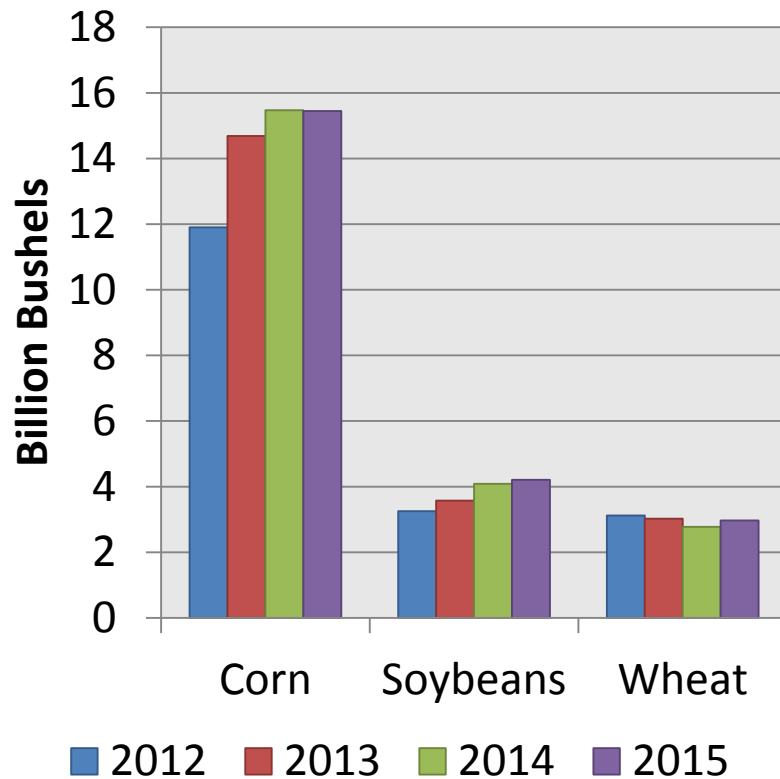
Planted Acres for Major Crops Will Decline in 2015



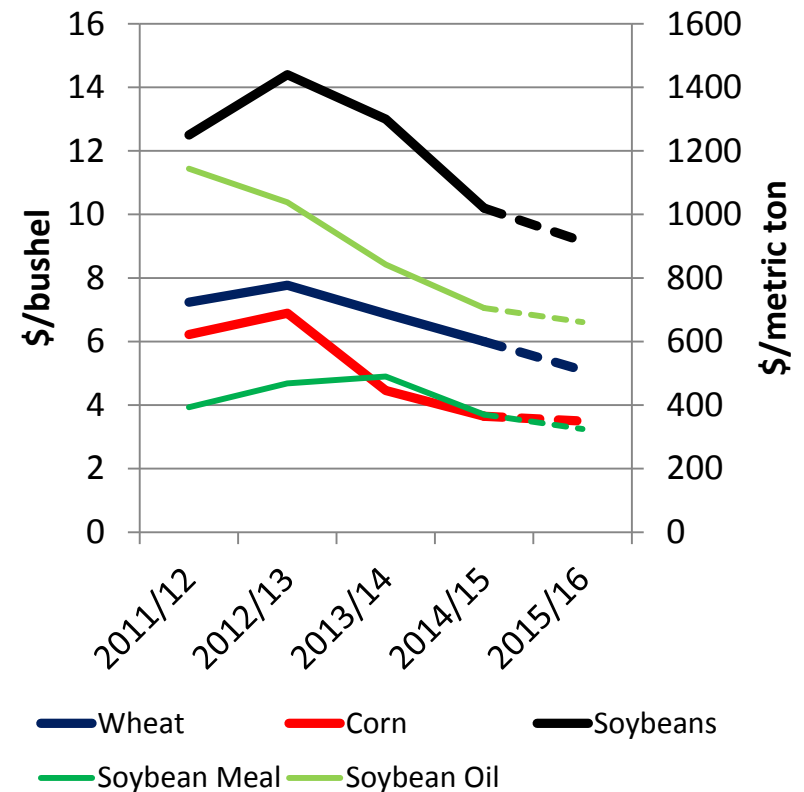
	2015	Percent Change
Soybeans	83.5	-0.2%
Wheat	55.5	-2.3%
Corn	89.0	-1.8%
Sorghum	7.5	5.1%
Barley	3.5	17.6%
Oats	3	10.2%
Rice	2.9	-1.3%
Upland Cotton	9.5	-12.4%
Total	254.4	-1.3%

With Abundant Supplies, U.S. Producer Prices Could Head Lower

Total U.S. Supplies



Average Farm Price

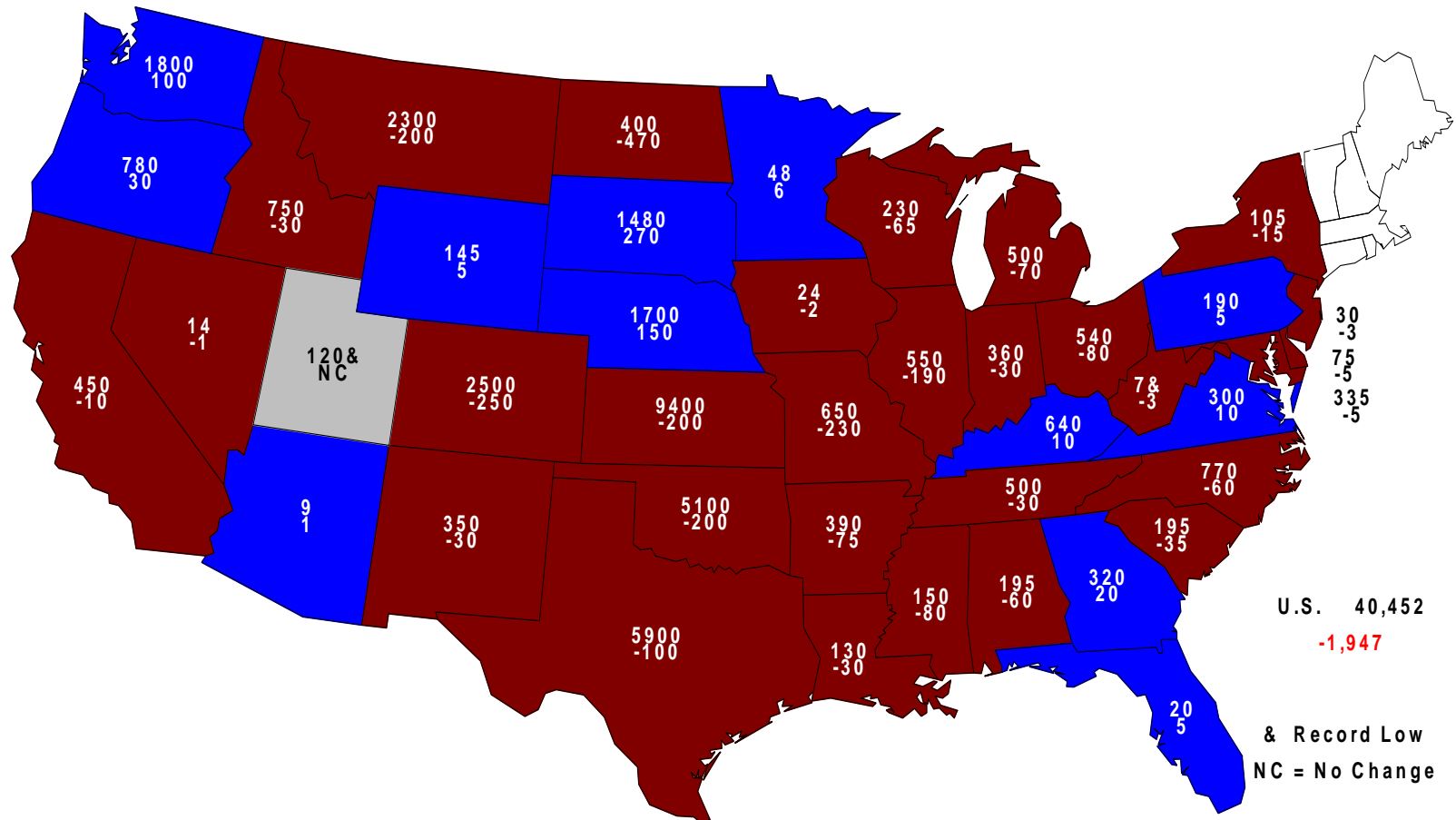


Wheat and Rice Outlook

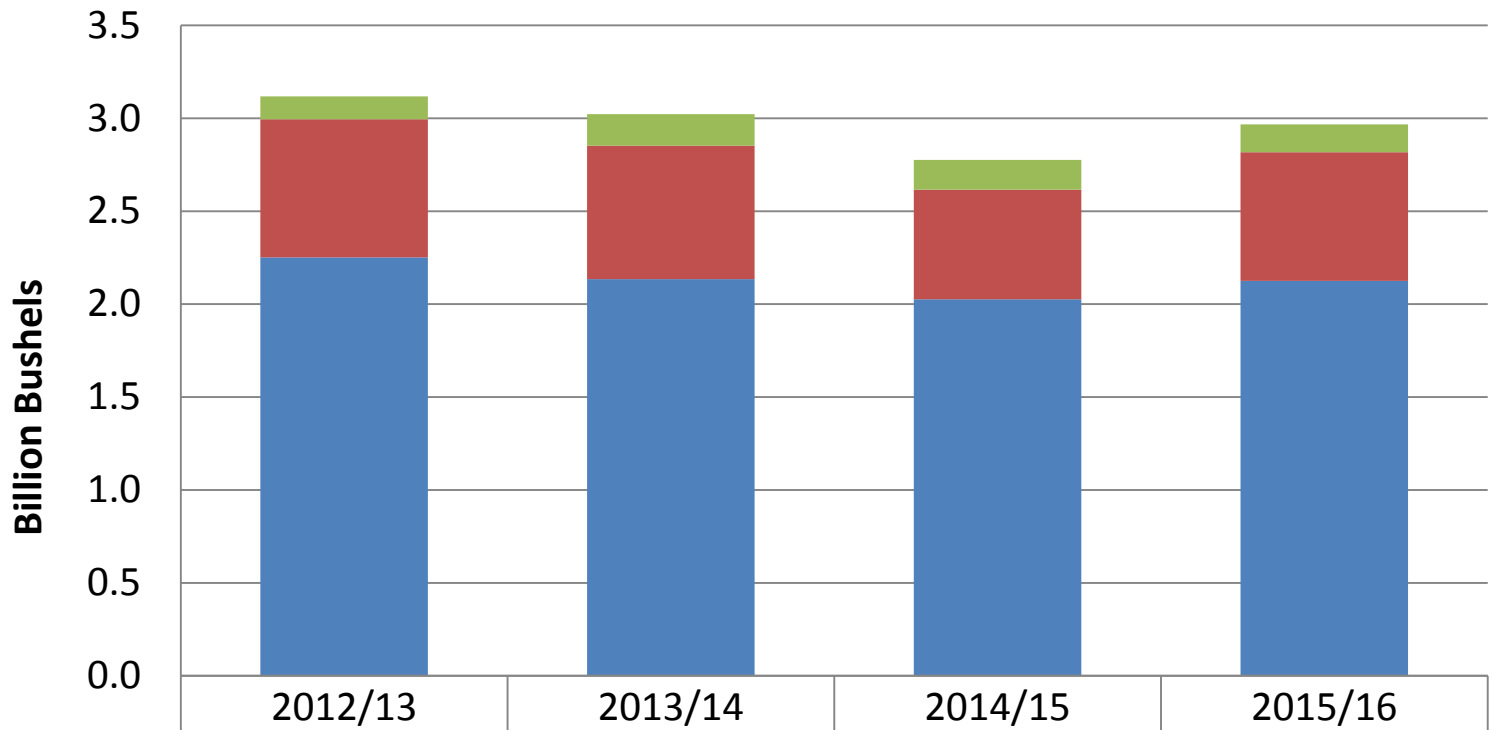


Winter Wheat Plantings Reduced

2015 Winter Wheat Planted Area (000) Acres and Change From Previous Year



U.S. Wheat Supplies Improve with Larger Carry-Over and Production



Imports	0.123	0.169	0.16	0.15
Beginning Stocks	0.743	0.718	0.59	0.692
Production	2.252	2.135	2.026	2.125

2015 Wheat Outlook

- Lower acreage
- Production higher on trend yield
- Reduced imports
- Increased feed use
- Exports higher
- Stocks rise
- Average farm price lower

	2013/14	2014/15	2015/16
	Million Acres		
Area Planted	56.2	56.8	55.5
Area Harvested	45.3	46.4	47.0
Yield (bu./acre)	47.1	43.7	45.2
	Million Bushels		
Beginning Stocks	718	590	692
Production	2,135	2,026	2,125
Imports	169	160	150
Total Supply	3,021	2,776	2,967
Food, Seed, Industrial	1,029	1,034	1,039
Feed & Residual	226	150	190
Exports	1,176	900	975
Total Use	2,431	2,084	2,204
Ending Stocks	590	692	763
Avg. Farm Price \$/bu.	6.87	6.00	5.10

2015 Rice Outlook

- Reduced acreage
- Production lower on trend yield
- Increased carry-over
- Lower domestic use
- Exports higher
- Stocks rise
- Average farm price lower

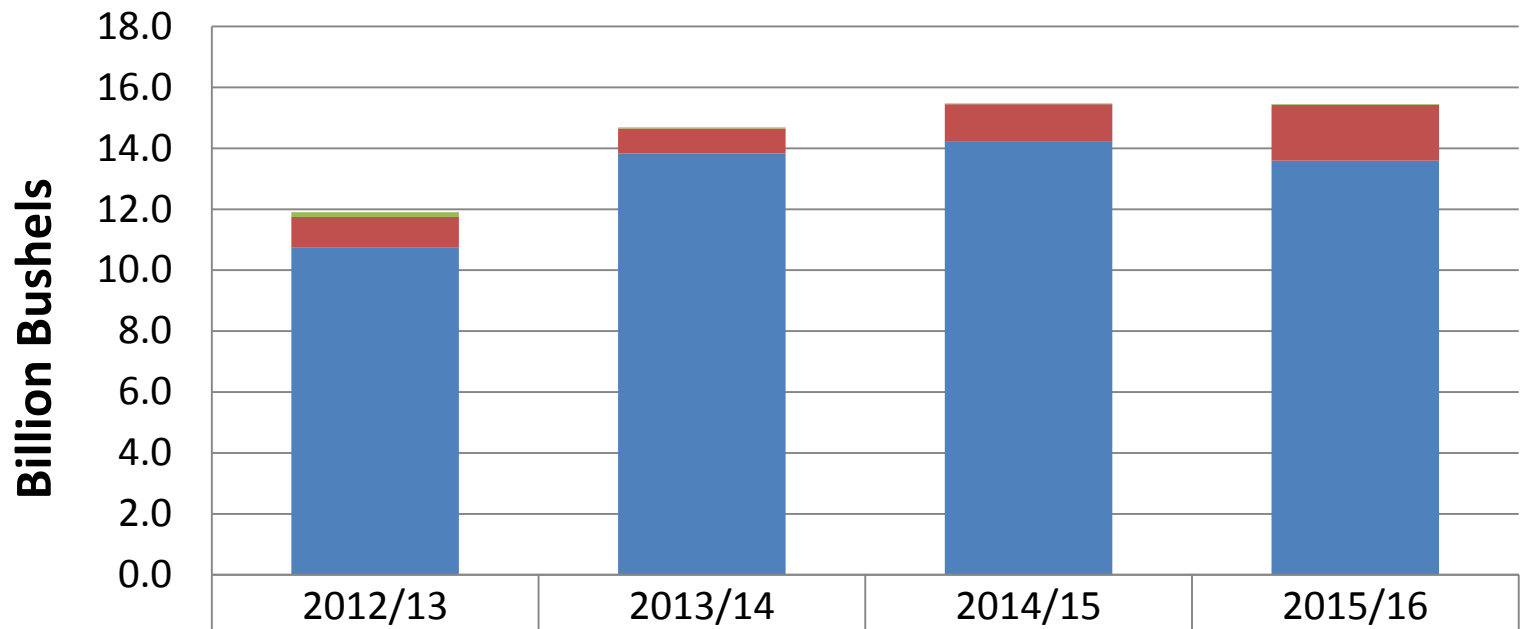
	2013/14	2014/15	2015/16
	Million Acres		
Area Planted	2.49	2.94	2.90
Area Harvested	2.47	2.92	2.88
Yield (lbs./acre)	7,694	7,572	7,569
	Million cwt. (rough-basis)		
Beginning Stocks	36.4	31.8	41.9
Production	190.0	221.0	218.0
Imports	23.1	23.0	23.2
Total Supply	249.5	275.9	283.1
Domestic & Residual	124.9	131.0	129.0
Exports	92.7	103	106.0
Total Use	217.6	234.0	235.0
Ending Stocks	31.8	41.9	48.1
Avg. Farm Price \$/cwt.	16.30	14.00	13.10

Corn Outlook



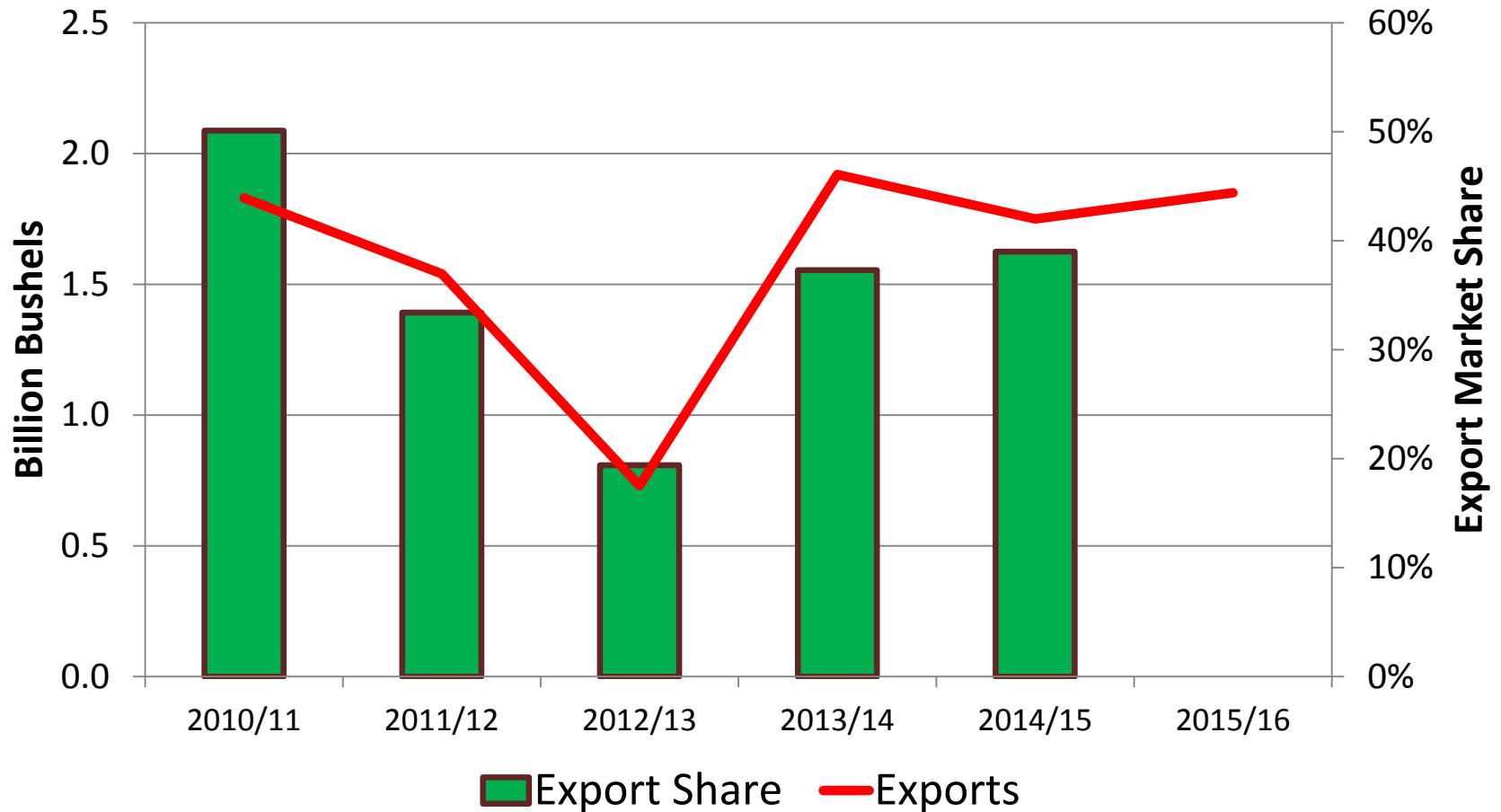
Corn Acres Lower, Supply Down Yet Still Abundant

U.S. Corn Supply

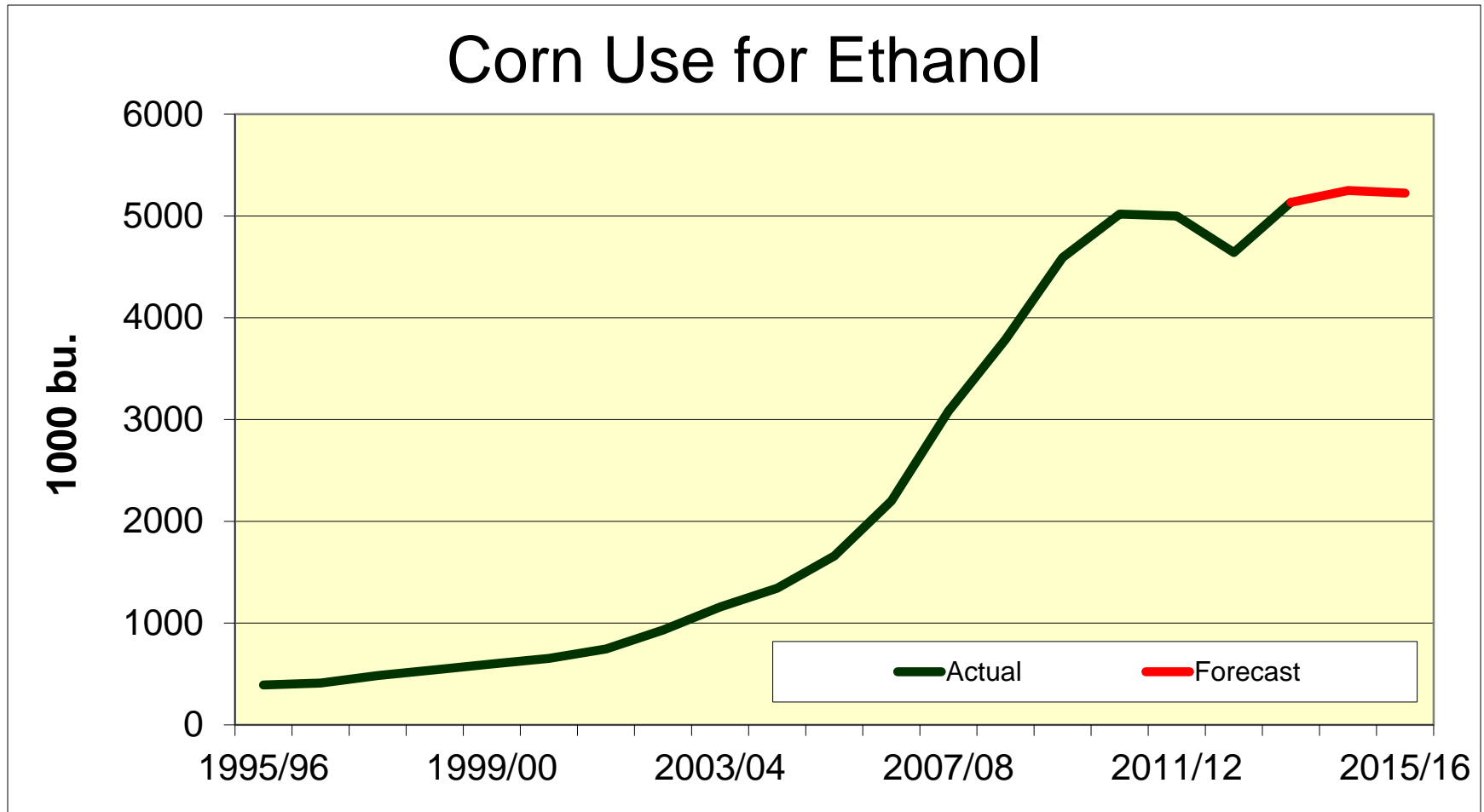


Imports	0.16	0.036	0.025	0.025
Beginning Stocks	0.989	0.821	1.232	1.827
Production	10.755	13.829	14.216	13.595

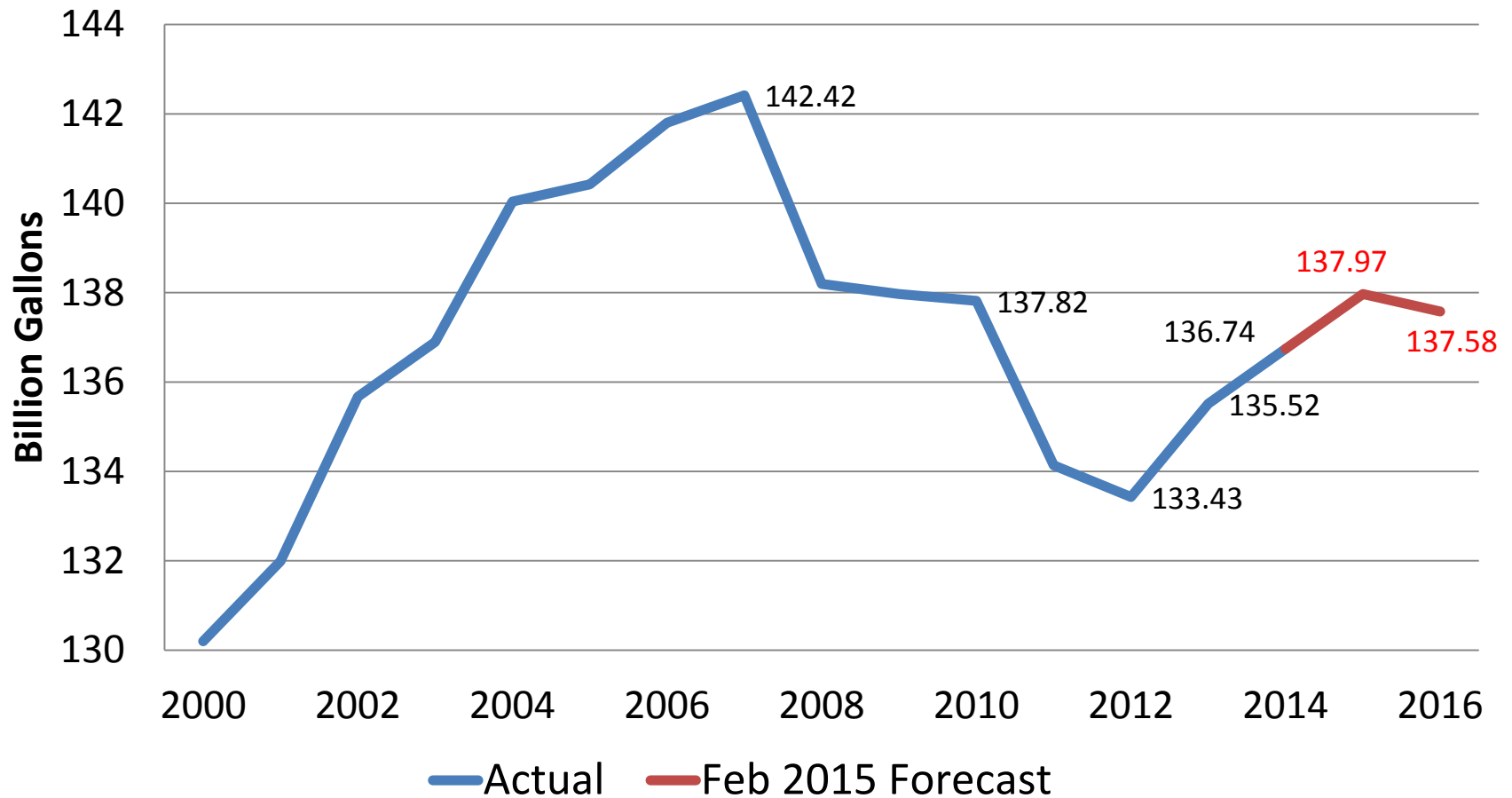
Corn Exports Higher, Growing Export Share



Positive Impact on Ethanol Demand



U.S. Gasoline Consumption Higher on Lower Prices



2015 Corn Outlook

- Reduced planted area and production
- Total supply down slightly despite large carry-in
- Total use rises as export prospects improve
- Ending stocks decline yet remain large
- Average farm price lower

	2013/14	2014/15	2015/16
	Million Acres		
Area Planted	95.4	90.6	89.0
Area Harvested	87.5	83.1	81.5
Yield (bu./acre)	158.1	171.0	166.8
	Million Bushels		
Beginning Stocks	821	1,232	1,827
Production	13,829	14,216	13,595
Imports	36	25	25
Total Supply	14,686	15,472	15,447
Feed & Residual	5,036	5,250	5,275
Food, Seed, Indust.	6,501	6,645	6,635
Ethanol	5,134	5,250	5,225
Exports	1,917	1,750	1,850
Total Use	13,454	13,645	13,760
Ending Stocks	1,232	1,827	1,687
Avg. Farm Price \$/bu.	4.46	3.65	3.50

Soybean Outlook



Producers React to Changing Market Dynamics

March – May 2014

- Soy/corn price ratio @ 3.1 (rising trend)

March – May 2015

- Current soy/corn price ratio @ 2.5 (flat trend)

Producers React to Changing Market Dynamics

March – May 2014

- Soy/corn price ratio @ 3.1 (rising trend)
- Average price \$14.65/bu.
- Ending stocks 92 mil bu.

March – May 2015

- Current soy/corn price ratio @ 2.5 (flat trend)
- Average price \$9.93/bu.
- Ending stocks (projected) 385 mil bu

Producers React to Changing Market Dynamics

March – May 2014

- Soy/corn price ratio @ 3.1 (rising trend)
- Average price \$14.65/bu.
- Ending stocks 92 mil bu.
- Brazil Oct 1 stocks: 16.5 million metric tons

March – May 2015

- Current soy/corn price ratio @ 2.5 (flat trend)
- Average price \$9.93/bu.
- Ending stocks (proj) 385 mil bu
- Brazil Oct 1 stocks: 24.8 million metric tons

Producers React to Changing Market Dynamics

March – May 2014

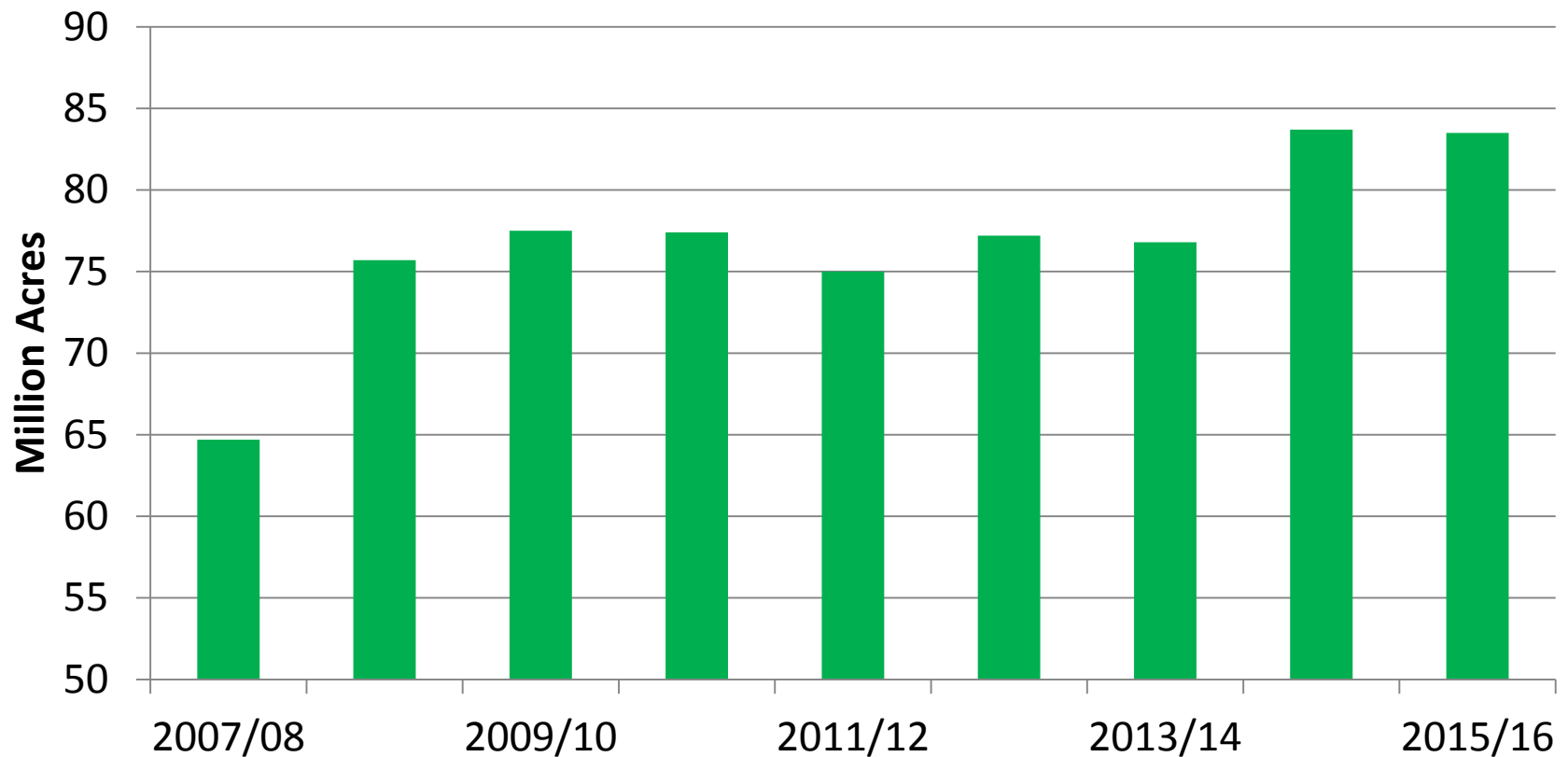
- Soy/corn price ratio @ 3.1 (rising trend)
- Average price \$14.65/bu.
- Ending stocks 92 mil bu.
- Brazil Oct 1 stocks: 16.5 million metric tons
- Real Exchange rate: 2.25 (strengthening Real)

March – May 2015

- Current soy/corn price ratio @ 2.5 (flat trend)
- Average price \$9.93/bu.
- Ending stocks (proj) 385 mil bu
- Brazil Oct 1 stocks: 24.8 million metric tons
- Real Exchange rate: 2.72 (weakening Real)

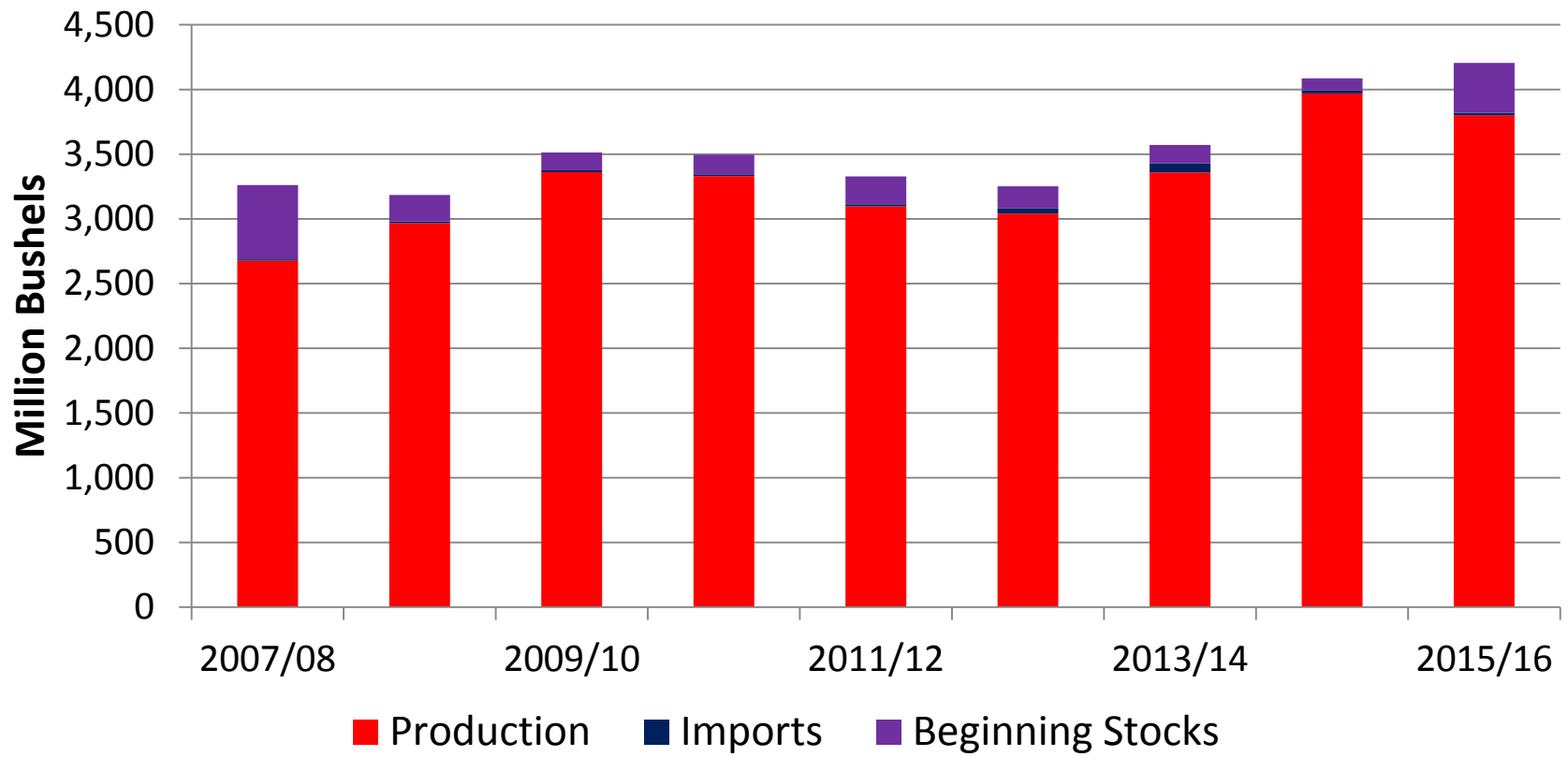
Area Planted Nearly Unchanged

U.S. Soybean Planted Area



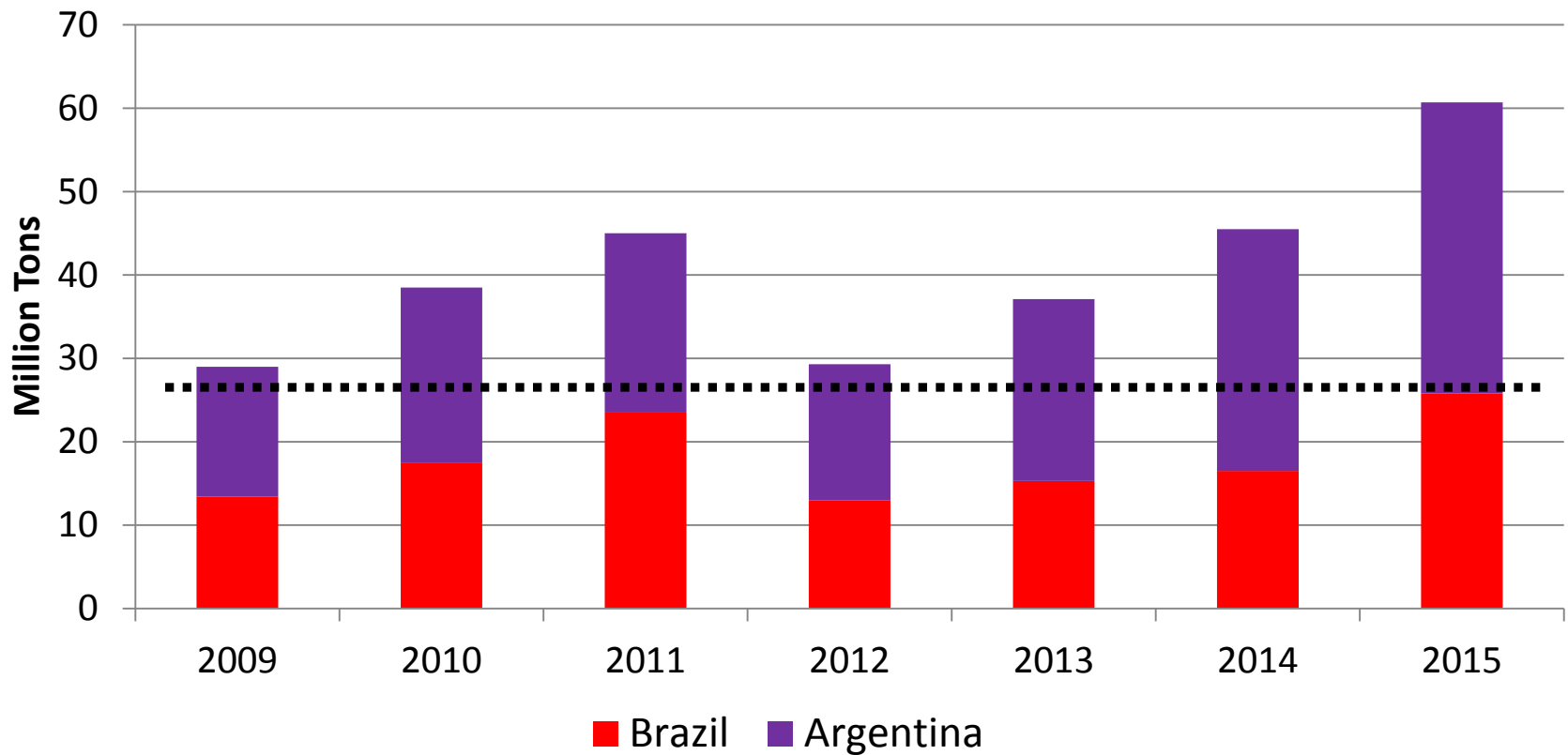
Large Carry-In Leads to Record Soybean Supplies

U.S. Soybean Supply



Brazil Stocks Key to U.S. Export Prospects

October 1st Argentina and Brazil Soybean Stocks

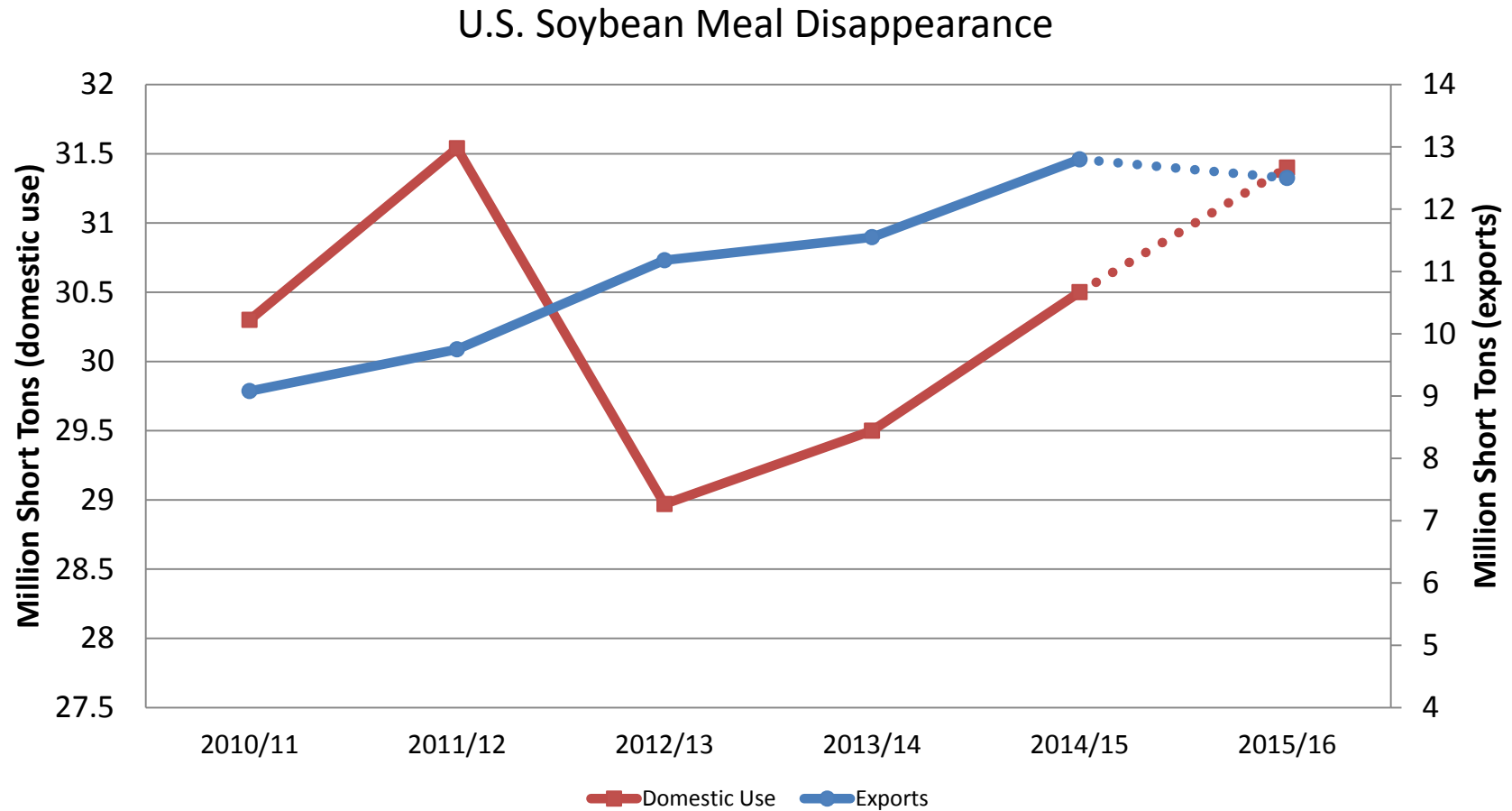


2015 Soybean Outlook

- Planted area nearly unchanged
- Production reduced on trend yield
- Total supply up with larger carry-in
- Crush, exports rise with falling prices
- Stock building continues
- Average farm price lower

	2013/14	2014/15	2015/16
	Million Acres		
Area Planted	76.8	83.7	83.5
Area Harvested	76.3	83.1	82.6
Yield (Bu./acre)	44.0	47.8	46.0
	Million Bushels		
Beginning Stocks	141	92	385
Production	3,358	3,969	3,800
Imports	72	25	20
Total Supply	3,570	4,086	4,205
Crush	1,734	1,795	1,840
Exports	1,647	1,790	1,820
Seed & Residual	97	116	116
Total Use	3,478	3,701	3,775
Ending Stocks	92	385	430
Avg. Farm Price \$/bu.	13.00	10.20	9.00

Lower Prices Support U.S. Soybean Meal Disappearance



2015 Soybean Meal Outlook

- Supply increases with larger crush
- Lower prices spur additional domestic demand
- Exports remain healthy despite growing competition
- Average meal price lower

	2013/14	2014/15	2015/16
	Million Short Tons		
Beginning Stocks	275	250	300
Production	40,685	43,100	43,735
Imports	336	250	165
Total Supply	41,296	43,600	44,200
Domestic Disappearance	29,496	30,500	31,400
Exports	11,550	12,800	12,500
Total Use	41,046	43,300	43,900
Ending Stocks	250	300	300
Avg. Price \$/s.t.	490	370	325

2015 Soybean Oil Outlook

- Supply increases with larger carry-over and increased crush
- Lower prices support increased usage and exports
- Stock building continues
- Average oil price lower

	2013/14	2014/15	2015/16
	Million Pounds		
Beginning Stocks	1,705	1,165	1,505
Production	20,130	20,580	21,270
Imports	165	160	170
Total Supply	22,000	21,905	22,945
Domestic Disappearance	18,958	18,350	18,575
Biodiesel	4,950	4,700	4,800
Food, Feed, Other Indust.	14,008	13,650	13,775
Exports	1,877	2,050	2,200
Total Use	20,835	20,400	20,775
Ending Stocks	1,165	1,505	2,170
Avg. Price c/lb.	38.20	32.00	30.00

Thank You



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